

Definition of B9 Net Lending/Net Borrowing of the Government Sector:-

The variable B9 [as defined in the European System of Accounts 1995 (ESA95)] for the Government Sector measures the change in financial net worth of Government. This is derived by getting the difference between the sum of all General Government revenues and the sum of General Government expenditures (i.e. current and capital). A negative figure shows that expenditure exceeded revenues (see for example Q3 2011) whilst a positive figure indicates that revenues exceeded expenditure in the reference period (see for example Q2 2000).

Definition of Government Revenue (cf Commission Regulation 1500/2000):-

Government Revenue is the sum of the following ESA95 transactions for the Government Sector.

- Market Output, output for own final use and payments for other non-market output
- Taxes on Production and Imports,
- Other subsidies on production, receivable
- Property Income Receivable,
- Current Taxes on Income and Wealth,
- Social Contributions Receivable,
- Other Current Transfers Receivable,
- Capital Transfers Receivable.

Definition of Government Expenditure (cf Commission Regulation 1500/2000):-

Government Expenditure is the sum of the following ESA95 transactions for the Government Sector.

- Intermediate Consumption
- Gross Capital Formation, Acquisition less disposals of non-financial, non-produced assets
- Compensation of employees,
- Other taxes on production,
- Subsidies Payable,
- Property Income,
- Current taxes on income, wealth, etc.,
- Social Transfers,
- Other Current Transfers,
- Capital Transfers Payable.

Definition of General Government Debt:-

Quarterly data on Government debt are collected from the Member States according to Council Regulation (EC) No 1222/2004 and refers to the Maastricht debt definition. The General Government debt is defined as the consolidated gross debt of the whole of the General Government sector outstanding at the end of the quarter (at nominal value). General Government debt consists of liabilities of general government in the following categories: currency and deposits (AF.2); securities other than shares, excluding financial derivatives (AF.33) and loans (AF.4), as defined in ESA95.

Quarterly data on government debt by other Member State are published in the Eurostat database:

http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/data/database.

Calculation of Rolling GDP variable:-

The debt to GDP ratio is calculated for each quarter using the sum of GDP for the last four quarters. For example in Q1 2000 the Rolling quarter figure for GDP is €90,963 and this is arrived at by adding the quarterly figures for GDP from Q2 -1999 to Q1 2000. When we go onto the next data point of Q2 2000 we drop the oldest part of the calculation (e.g. Q2 1999) and add the latest quarterly GDP figure (Q2 2000).

Gross Debt Concept:-

It should be noted that the stock of General Government Debt is a gross rather than net concept. In this instance gross means only one side of the balance sheet has been presented (i.e. that the value of the various debt instrument liabilities as described above have been shown).